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**TWELFTH WARD SAVE OUR COMMUNITY
ORGANIZATION, INC.**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court

Release Date 1-12-00

**FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 1999**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
**Twelfth Ward Save Our Community
Organization, Inc.**

We have audited the accompanying statement of financial position of **Twelfth Ward Save Our Community Organization, Inc.** (a not-for-profit corporation) as of June 30, 1999 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the management of the **Twelfth Ward Save Our Community Organization, Inc. (the Organization)**. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Twelfth Ward Save Our Community Organization, Inc.** as of June 30, 1999, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
**Twelfth Ward Save Our Community
Organization, Inc.**
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 1999 on our consideration of **Twelfth Ward Save Our Community Organization, Inc.** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of **Twelfth Ward Save Our Community Organization, Inc.** taken as a whole. The accompanying schedule of grant activity is presented for purposes of additional analysis and is not required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Bruno & Tervalon
BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

November 23, 1999

TWELFTH WARD SAVE OUR COMMUNITY ORGANIZATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 1999

ASSETS

Current Assets:	
Cash	\$ 50,322
Grant receivable	20,000
Employees advance	20,000
Accounts receivable	<u>8,600</u>
Total current assets	98,922
Property and equipment, net (NOTE 3)	<u>152,203</u>
Total assets	<u>\$251,125</u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Current portion of note payable (NOTE 5)	\$ 4,746
Accounts payable	29,041
Accrued expenses	<u>1,922</u>
Total current liabilities	<u>35,709</u>
Note payable (NOTE 5)	77,226
Total liabilities	<u>112,935</u>
CONTINGENCIES (NOTES 7 and 8)	
Net assets, unrestricted (NOTE 4)	<u>138,190</u>
Total liabilities and net assets	<u>\$251,125</u>

The accompanying notes are an integral part of these financial statements.

TWELFTH WARD SAVE OUR COMMUNITY ORGANIZATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 1999

Revenue and Support:	
Grantor-State of Louisiana	\$600,000
Rental income	30,000
Other revenue	<u>18,514</u>
 Total revenue and support	 <u>648,514</u>
 Expenses:	
Program services:	
Martin Luther King	
Training and Community Center program	110,555
Milan Reading and Math program	289,114
Martin Luther King Homemaker Services program	110,000
Milan - Broadmoor Senior Center program	<u>85,155</u>
 Total program services	 <u>594,824</u>
 Support services:	
Management and general	<u>28,682</u>
 Total expenses	 <u>623,506</u>
 Change in net assets	 25,008
 Net assets at beginning of year as restated (NOTE 4)	 <u>113,182</u>
 Net assets at end of year	 <u>\$138,190</u>

The accompanying notes are an integral part of these financial statements.

TWELFTH WARD SAVE OUR COMMUNITY ORGANIZATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 1999

	STATE OF LOUISIANA, GOVERNOR'S OFFICE				TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	TOTAL EXPENSES
	MARTIN LUTHER KING TRAINING AND COMMUNITY CENTER PROGRAM	OFFICE OF URBAN AFFAIRS AND DEVELOPMENT	NEW ORLEANS COUNCIL ON AGING	DEPARTMENT OF EDUCATION			
	MILAN READING AND MATH PROGRAM	MARTIN LUTHER KING HOMEMAKER SERVICES PROGRAM	MILAN-BROADMOOR SENIOR CENTER PROGRAM	MILAN READING AND MATH PROGRAM			
Salaries and wages	\$ 28,350	\$ 75,360	\$37,917	\$206,099	\$351,726	\$ -0-	\$351,726
Fringe benefits	3,399	6,277	3,821	17,990	31,793	-0-	31,793
Supplies	2,492	2,960	7,255	663	20,144	-0-	20,144
Insurance	-0-	-0-	1,098	973	3,709	1,845	5,554
Utilities	3,433	5,329	-0-	-0-	8,762	-0-	8,762
Contractual services	54,536	1,500	14,631	17,340	88,007	-0-	88,007
Equipment purchase	-0-	4,036	3,560	-0-	19,864	-0-	19,864
Maintenance and repairs	-0-	-0-	9,240	-0-	9,240	1,478	10,718
Telephone	7,533	2,471	989	3,620	14,613	-0-	14,613
Postage and shipping	129	-0-	71	-0-	200	-0-	200
Interest expense	-0-	-0-	-0-	-0-	-0-	2,679	2,679
Printing and publications	1,316	-0-	350	-0-	1,666	-0-	1,666
Travel and automobile	519	1,280	-0-	1,499	3,298	-0-	3,298
Field trips	-0-	-0-	2,040	-0-	2,040	-0-	2,040
Occupancy	7,200	4,800	2,400	16,500	30,900	-0-	30,900
Other	1,648	5,987	1,783	7,472	16,904	49	16,953
Total expenses before depreciation and transfers	110,555	110,000	85,155	272,156	602,866	6,051	608,917
Depreciation	-0-	-0-	-0-	-0-	-0-	22,631	22,631
Total expenses before transfers	110,555	110,000	85,155	272,156	602,866	28,682	631,548
Transfers - equipment purchases	-0-	-0-	-0-	-0-	8,042	-0-	8,042
Total expenses after transfers	\$110,555	\$110,000	\$85,155	\$272,156	\$594,824	\$28,682	\$623,506

The accompanying notes are an integral part of these financial statements.

TWELFTH WARD SAVE OUR COMMUNITY ORGANIZATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 1999

Cash Flows from Operating Activities:	
Change in net assets	\$ 25,008
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	22,631
Changes in assets and liabilities:	
Increase in grant receivable	(20,000)
Increase in employee advance	(20,000)
Decrease in security deposit	3,000
Increase in accounts receivable	(8,600)
Increase in accrued expenses	664
Increase in accounts payable	<u>17,290</u>
Net cash provided by operating activities	<u>19,993</u>
Cash Flows from Investing Activities:	
Additions to equipment	<u>(65,454)</u>
Net cash used in investing activities	<u>(65,454)</u>
Cash Flows from Financing Activities:	
Note payable proceeds	81,972
Repayment on loan	<u>(7,321)</u>
Net cash used in financing activities	<u>74,651</u>
Increase in cash	29,190
Cash, June 30, 1998	<u>21,132</u>
Cash, June 30, 1999	<u>\$ 50,322</u>
Interest paid	<u>\$ 2,679</u>

The accompanying notes are an integral part of these financial statements.

TWELFTH WARD SAVE OUR COMMUNITY ORGANIZATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - Organization and Purpose:

Background

The **Twelfth Ward Save Our Community Organization, Inc. (the "Organization")** is a not-for-profit corporation organized under the laws of the State of Louisiana. The purpose for which **the Organization** is organized are exclusively religious, charitable, scientific, literary, and educational within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 or the corresponding provision of any future United States Internal Revenue Law.

General

As of June 30, 1999, **the Organization** administered the following programs:

- o Martin Luther King Training and Community Center Program;
- o Milan Reading and Math Program;
- o Martin Luther King Homemaker Services Program.
- o Milan-Broadmoor Senior Center Program;

A brief description of each program follows:

- o Martin Luther King Training and Community Center Program

The Martin Luther King Training and Community Center (MLK Training) Program began its operation in 1985. The program was created to satisfy a need to assist people in obtaining marketable jobs skills. The program aims to provide participants with a working knowledge of computer operation, to allow the participants an opportunity to master typing skills and to provide students with a basic knowledge of business mathematical functions.

TWELFTH WARD SAVE OUR COMMUNITY ORGANIZATION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Organization and Purpose, Continued:

General, Continued

o Milan Reading and Math Program

The Milan Reading and Math (Milan Reading /Math) Program was established in 1977. The main purpose of the program is to provide plans of study in reading and mathematics to enrollees of the program. Also, the program provides assistance to students in reading, mathematics, homework assistance, computer literacy and other special projects that students may have to do for school. The main goals are to help the students advance in their school work and advance in their grade level.

o Martin Luther King Homemaker Services Program

The Martin Luther King Homemaker Services (MLK Homemakers) Program began in 1992. The major activities of the program consist of performing routine household tasks including dusting, washing dishes, sweeping, running errands, shopping, and some other services needed or requested by clients. The program provides companionship and any other socialization or cleaning activities that will make the clients daily living easier.

o Milan-Broadmoor Senior Center Program

The Milan-Broadmoor Senior Center (Milan Area Senior) Program was established in 1977. The program was created to facilitate and actively administer to its many elderly their need of supportive services and activities which will enhance their dignity, foster their independence and encourage community involvement. The program provides transportation for seniors to and from the center to receive a well balanced mid-day meal. Other activities are planned for socialization, health related, recreational and educational activities.

TWELFTH WARD SAVE OUR COMMUNITY ORGANIZATION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies:

Basis of Accounting

The financial statements of **the Organization** are prepared on the accrual basis. Accordingly, revenue is recorded when earned and expenses are recorded when incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the financial statements.

Contributions

Contributions are recognized when the donor makes a promise to give to **the Organization** that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

TWELFTH WARD SAVE OUR COMMUNITY ORGANIZATION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Contributions, Continued

The Organization uses the allowance method to determine the uncollectibility of unconditional promises receivable. The allowance is based on prior year's experience and management's analysis of specific promises made.

Contributed Equipment

Contributed equipment is recorded at fair value at the date of donation. If a donor stipulates how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of equipment are recorded as unrestricted support.

Financial Statement Presentation

The financial statements are presented in accordance with Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made", and SFAS No. 117, "Financial Statements of Not-for-Profit Organizations". SFAS No. 116 requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Under SFAS No. 117, **the Organization** is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. In addition, **the Organization** is required to present a statement of cash flows. As permitted by this statement, **the Organization** has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the required classes of net assets. At June 30, 1999, **the Organization** has no temporarily restricted, or permanently restricted net assets.

TWELFTH WARD SAVE OUR COMMUNITY ORGANIZATION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Fair Value of Financial Instruments

The estimated fair value of all significant financial statement amounts have been determined by **the Organization** using available market information and appropriate valuation methodologies.

The Organization considers the carrying amounts of cash, note payable, accounts payable and accrued expenses to approximate fair value.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets.

Revenues and Support Recognition

Revenues received under government grant programs are recognized when earned. Contributions are recognized as revenue when they are received or unconditionally pledged. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

TWELFTH WARD SAVE OUR COMMUNITY ORGANIZATION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - Property and Equipment:

Property and equipment consisted of the following at June 30, 1999:

Land, building and improvements	\$127,500
Furniture and equipment	118,802
Automobile	<u>22,627</u>
	268,929
Less accumulated depreciation	<u>(116,726)</u>
Total	<u>\$ 152,203</u>

NOTE 4 - Net Asset Restated:

At June 30, 1999, **the Organization** recorded the effect of rental property and its related income and expenses that was not recorded previously. The reconciliation of total net assets reported as of June 30, 1998 to the total net assets restated for the effect of the recordation of rental property and its related income and expenses is presented below:

Total net assets as previously reported at June 30, 1998	\$ 60,557
Net effect of rental property recorded	<u>52,625</u>
Total net assets as restated at June 30, 1998	<u>\$113,182</u>

TWELFTH WARD SAVE OUR COMMUNITY ORGANIZATION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 5 - Note Payable:

A summary of the note payable as of June 30, 1999 is as follows:

3%, note due in 15 annual installments of \$10,000, including principal and interest, secured by the building	\$ 81,972
Less: current portion	<u>4,746</u>
Total	<u>\$77,226</u>

The principal payments due on the note payable for the next five years are as follows:

<u>Year Ended June 30,</u>	
2000	\$ 7,767
2001	8,000
2002	8,240
2003	8,487
2004	8,742
Subsequent to 2004	<u>40,736</u>
	<u>\$81,972</u>

NOTE 6 - Commitments:

Rental expenses resulting from facility operating leases approximate \$30,000 for the year ended June 30, 1999.

TWELFTH WARD SAVE OUR COMMUNITY ORGANIZATION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 6 - Commitments, Continued

The future minimum lease payments under noncancelable operating leases as of June 30, 1999, that have remaining lease terms within a year or less amount to \$19,200.

The Organization has entered into contractual arrangements with certain individuals to provide operational assistance, tutorial, self-development, and recreational assistance. Such contracts are generally for six (6) to twelve (12) month periods.

NOTE 7 - Contingencies:

The Organization is a recipient of grants from State funds. These grants are governed by various State guidelines, regulations, and contractual agreements.

The administration of the program and activities funded by these grants is under the control and administration of **the Organization** and is subject to audit and/or review by the applicable funding sources. Any grant or award funds found not to be properly spent in accordance with the terms, conditions, and regulations of the funding sources may be subject to recapture.

At June 30, 1999, ninety-two (92) percent of **the Organization's** operating support is derived from grants.

NOTE 8 - Risk Management:

The Organization is exposed to various risk of loss related to torts; theft of; damage to and destruction of assets for which **the Organization** carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonable estimated.

SUPPLEMENTARY INFORMATION

TWELFTH WARD SAVE OUR COMMUNITY ORGANIZATION, INC.
SCHEDULE OF GRANT ACTIVITY
FOR THE YEAR ENDED JUNE 30, 1999

<u>STATE OF LOUISIANA GOVERNOR'S OFFICE</u>	<u>PROGRAM NAME</u>	<u>CONTRACT PERIOD</u>	<u>GRANT REVENUE</u>	<u>EXPENSES</u>
Direct Programs: Office of Urban Affairs and Development	Milan Reading and Math Program	07/01/98--06/30/99	\$ 25,000	\$ 25,000
Office of Urban Affairs and Development	Martin Luther King Homemaker Services Program	07/01/98--06/30/99	110,000	110,000
Office of Urban Affairs and Development	Martin Luther King Training and Community Program	07/01/98--06/30/99	<u>110,000</u>	<u>110,555</u>
Department of Education	Milan Reading and Math Program	07/01/98--06/30/99	<u>270,000</u>	<u>272,156</u>
Total Direct Programs			<u>515,000</u>	<u>517,711</u>
Passed through Program: New Orleans Council on Aging	Milan-Broadmoor Senior Center Program	07/01/98--06/30/99	<u>85,000</u>	<u>85,155</u>
Total Passed through Program			<u>85,000</u>	<u>85,155</u>
Total State of Louisiana Programs			<u>\$600,000</u>	<u>\$602,866</u>

See accompanying Independent Auditors' Report and Notes to Financial Statements.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Directors
**Twelfth Ward Save Our Community
Organization, Inc.**

We have audited the financial statements of **Twelfth Ward Save Our Community Organization, Inc. (the Organization)**, as of and for the year ended June 30, 1999 and have issued our report thereon dated November 23, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether **the Organization's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **the Organization's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be a material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

In connection with our audit, we reviewed the prior year's reportable conditions on the internal control including applicable internal administrative controls to determine whether management had implemented appropriate corrective action to correct the conditions giving rise to those findings. The results of our review with respect to the prior-year reportable conditions are described in the accompanying Status of Prior Year's Findings and Reportable Conditions.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS
(CONTINUED)

This report is intended solely for the information and use of the Board of Directors and the management of **Twelfth Ward Save Our Community Organization, Inc.**, and for filing with the regulatory agencies, and the pass-through entity and should not be used by anyone other than these specified parties.

Bruno & Tervalon
BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

November 23, 1999

TWELFTH WARD SAVE OUR COMMUNITY ORGANIZATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 1999

I. SUMMARY OF AUDITORS' RESULTS

- A. The type of report issued on the financial statements: **unqualified opinion.**

- B. Reportable conditions in internal control were disclosed by the audits of the financial statements: **no** material weaknesses: **no.**

- C. Noncompliance which is material to the financial statements: **no.**

- D. Reportable conditions in internal control over major programs: **not applicable** material weaknesses: **not applicable.**

- E. The type of report issued on compliance for major programs: **not applicable.**

- F. Any audit findings which are required to be reported under section 510(a) of OMB Circular A-133: **not applicable.**

- G. Major programs: **not applicable.**

- H. Dollar threshold used to distinguish between Type A and Type B programs: **not applicable.**

- I. Auditee qualified as a low-risk auditee under section 530 of OMB Circular A-133: **not applicable.**

- J. A management letter was issued: **no.**

**TWELFTH WARD SAVE OUR COMMUNITY ORGANIZATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 1999**

**II. FINDING RELATING TO THE FINANCIAL STATEMENTS REPORTED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

No matters reported.

III. FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

Not applicable.

TWELFTH WARD SAVE OUR COMMUNITY ORGANIZATION, INC.
STATUS OF PRIOR YEAR'S FINDINGS AND REPORTABLE CONDITIONS

1. INTERNAL CONTROL AND COMPLIANCE
MATERIAL TO THE FINANCIAL STATEMENTS

<u>Resolved</u>		<u>No Longer</u> <u>Applicable</u>
<u>Yes</u>	<u>No</u>	

98-01 – Incomplete Accounting Records

Condition

During our audit, numerous prior years' audit adjustments were rewritten and posted to update the general ledger and properly state the beginning balances for the year ended June 30, 1998. The cause of this condition was due to **the Organization's** inability to locate prior years' accounting records which were misplaced. Only the current year activity was available.

X

Current Status

X

We noted no such condition in current year.

98-02 – Failure to Maintain Adequate Subsidiary
Ledger for Fixed Assets

Condition

Twelve Ward Save Our Community did not maintain an adequate subledger for property and equipment. **The Organization** also did not perform a physical inventory within the 1996 fiscal year. This results in an inadequate control over fixed assets.

Current Status

We noted no such condition in current year.

X

TWELFTH WARD SAVE OUR COMMUNITY ORGANIZATION, INC.
STATUS OF PRIOR YEAR'S FINDINGS AND REPORTABLE CONDITIONS
(CONTINUED)

Resolved No Longer
Yes No Applicable

2. **INTERNAL CONTROL AND COMPLIANCE**
MATERIAL TO FEDERAL AWARDS

No prior year comments reported.

3. **MANAGEMENT LETTER**

Year 2000 Compliant

Condition

On January 1, 2000, information technology experts believe that many application systems will fail as a result of erroneous calculations and data integrity problems. The situation, commonly known as the year 2000 issue, will occur because many computers cannot process date information beyond December 31, 1999. That is because many application software products (both commercial and in-house-developed legacy systems) were originally designated to accommodate only a two digit date position to represent the year (for example, 95 for the year 1995).

TWELFTH WARD SAVE OUR COMMUNITY ORGANIZATION, INC.
STATUS OF PRIOR YEAR'S FINDINGS AND REPORTABLE CONDITIONS
(CONTINUED)

<u>Resolved</u>		<u>No Longer</u>
<u>Yes</u>	<u>No</u>	<u>Applicable</u>

3. **MANAGEMENT LETTER, CONTINUED**

Condition, Continued

The Organization must devote the necessary resources to evaluate its systems and make them year 2000 compliant. This will ensure that the systems will be able to process date information on and after January 1, 2000.

We recommend that you modify all applications, particularly mission-critical applications, by December 31, 1999, to allow for complete testing before January 1, 2000. If **the Organization** is not year 2000 compliant by January 1, 2000, it may experience costly and significant application program failures that could prevent it from performing its normal processing activities. Depending on the extent of system failures, noncompliance may also affect the audit of the June 30, 2000 financial statements and, in extreme situations, could have catastrophic financial consequences for **the Organization**.

Current Status

This condition will remain in effect until January 2000.

X

TWELFTH WARD SAVE OUR COMMUNITY ORGANIZATION, INC.
STATUS OF PRIOR YEAR'S FINDINGS AND REPORTABLE CONDITIONS
(CONTINUED)

Resolved No Longer
Yes No Applicable

4. **Lease Agreement**

Condition

We noted during our audit that the lease agreement between the City of New Orleans and **the Organization** for the use of office space had expired and not been renewed.

We recommend that **the Organization** take immediate steps to execute a new lease agreement that would document the informal leasing arrangement that presently exists.

Current Status

We noted no change in status during current year audit.

X

TWELFTH WARD SAVE OUR COMMUNITY ORGANIZATION, INC.

EXIT CONFERENCE

The audit report was discussed with representatives of **the Organization** on Wednesday, December 8, 1999. Those persons participating in the discussion were:

TWELFTH WARD SAVE OUR COMMUNITY ORGANIZATION, INC.

Ms. Sharon Delong -- Executive Director

Mr. Charles F. Webb, CPA -- Accountant

BRUNO & TERVALON, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Michael B. Bruno, CPA -- Engagement/Managing Partner

Mr. Joseph A. Akanji, CPA -- Engagement Manager